

Message Text

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11

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 IGA-01 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 EB-07 TRSE-00 COME-00

OMB-01 PM-03 H-01 INR-07 L-02 NSC-05 PA-01 PRS-01

SP-02 SS-15 AGR-05 XMB-02 /068 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 2119

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E.O. 11652: NA

TAGS: EAID EG

SUBJ: COMMODITY LOAN PRESS RELEASE

REF: STATE 32480 (TOSEC 139)

1. FOLLOWING IS TEXT OF EMBASSY PRESS RELEASE ISSUED FEB 13
AT SIGNING CEREMONY FOR COMMODITY LOAN AGREEMENT.

QUOTE--

U.S. AGREEMENT TO FINANCE \$80 MILLION OF IMPORTS
FOR EGYPT

IN A CEREMONY TODAY AT TAHRA PALACE, HIS EXCELLENCY
ISMAIL FAHMY, MINISTER OF FOREIGN AFFAIRS, AND THE HONORABLE
HENRY A. KISSINGER, SECRETARY OF STATE, SIGNED AN AGREEMENT
UNDER WHICH THE UNITED STATES OF AMERICA WILL PROVIDE \$80
MILLION TO THE ARAB REPUBLIC OF EGYPT TO FINANCE ESSENTIAL
IMPORTS FROM THE UNITED STATES.

THE \$80 MILLION LOAN IS THE FIRST MAJOR TRANSACTION UNDER
THE \$250 MILLION ECONOMIC ASSISTANCE PROGRAM OF THE
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AGENCY FOR INTERNATIONAL DEVELOPMENT RECENTLY AUTHORIZED BY

THE U.S. CONGRESS FOR EGYPT. THE FUNDS WILL BE USED TO FINANCE IMPORTS OF AGRICULTURAL AND INDUSTRIAL EQUIPMENT, SPARE PARTS, AND OTHER ESSENTIAL COMMODITIES AND RELATED SERVICES NEEDED TO REACTIVATE AND EXPAND THE PRODUCTIVE CAPACITY OF THE EGYPTIAN ECONOMY. THE IMPORTS WILL CONTRIBUTE TO INCREASED INDUSTRIAL OUTPUT AND TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE ARAB REPUBLIC OF EGYPT.

THE LOAN IS REPAYABLE OVER FORTY YEARS WITH A TEN-YEAR GRACE PERIOD FOR REPAYMENT OF THE PRINCIPAL AND BEARS AN INTEREST RATE OF TWO PERCENT PER ANNUM DURING THE GRACE PERIOD AND THREE PERCENT PER ANNUM THEREAFTER.

THE UNITED STATES IS ALREADY ASSISTING EGYPT IN SEVERAL AREAS. AID HAS FINANCED U.S. PARTICIPATION IN CLEARING THE SUEZ CANAL AND INTENDS TO PROVIDE ASSISTANCE IN THE RECONSTRUCTION OF CITIES AND TOWNS ALONG THE CANAL, AS WELL AS CENTRAL DEVELOPMENT ACTIVITIES. IN ADDITION, 300,000 METRIC TONS OF FOOD FOR PEACE HAVE ALREADY BEEN AUTHORIZED THIS FISCAL YEAR AT A COST OF ABOUT 52.5 MILLION DOLLARS.

REPRESENTATIVES OF THE TWO GOVERNMENTS ARE MEETING TO DEVELOP A LIST OF THE IMPORTS TO BE FINANCED UNDER THE LOAN AND THE PROCUREMENT PROCEDURES TO BE FOLLOWED. UNQUOTE

2. PER PARA 1 REFTEL DEPT SHOULD MAKE RELEASE AVAILABLE TO PRESS PRIOR TO NOON BRIEFING FEB 13.
EILTS

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Margaret P. Grafeld
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